

(v) The cost of originating materials used in the production of the non-originating material in the territory of Singapore or the United States.

(c) *Accounting method.* Any cost or value referenced in General Note 25, HTSUS and this subpart, must be recorded and maintained in accordance with the Generally Accepted Accounting Principles applicable in the territory of the country in which the good is produced (whether Singapore or the United States).

#### § 10.537 Accessories, spare parts, or tools.

Accessories, spare parts, or tools that are delivered with a good and that form part of the good's standard accessories, spare parts, or tools will be treated as originating goods if the good is an originating good, and will be disregarded in determining whether all the non-originating materials used in the production of the good undergo an applicable change in tariff classification specified in General Note 25(o), HTSUS, provided that:

(a) The accessories, spare parts, or tools are not invoiced separately from the good;

(b) The quantities and value of the accessories, spare parts, or tools are customary for the good; and

(c) If the good is subject to a regional value content requirement, the value of the accessories, spare parts, or tools will be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good under § 10.535 of this subpart.

#### § 10.538 Fungible goods and materials.

(a) A person claiming preferential treatment under the SFTA for a good may claim that a fungible good or material is originating either based on the physical segregation of each fungible good or material or by using an inventory management method. For purposes of this subpart, the term "inventory management method" means:

- (1) Averaging;
- (2) "Last-in, first-out;"
- (3) "First-in, first-out;" or

(4) Any other method that is recognized in the Generally Accepted Accounting Principles of the Party in

which the production is performed or otherwise accepted by that country.

(b) A person selecting an inventory management method under paragraph (a) of this section for particular fungible goods or materials must continue to use that method for those fungible goods or materials throughout the fiscal year of that person.

#### § 10.539 Retail packaging materials and containers.

Packaging materials and containers in which a good is packaged for retail sale, if classified with the good for which preferential treatment under the SFTA is claimed, will be disregarded in determining whether all non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in General Note 25(o), HTSUS. If the good is subject to a regional value content requirement, the value of such packaging materials and containers will be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

*Example 1.* Singaporean Producer A of good C imports 100 non-originating blister packages to be used as retail packaging for good C. As provided in § 10.536(a)(1) of this subpart, the value of the blister packages is their adjusted value, which in this case is \$10. Good C has a regional value content requirement. The United States importer of good C decides to use the build-down method,  $RVC = ((AV - VNM) / AV) \times 100$  (see § 10.535(b) of this subpart), in determining whether good C satisfies the regional value content requirement. In applying this method, the non-originating blister packages are taken into account as non-originating. As such, their \$10 adjusted value is included in the VNM, value of non-originating materials, of good C.

*Example 2.* Same facts as in Example 1, but the blister packages are originating. In this case, the adjusted value of the originating blister packages would not be included as part of the VNM of good C under the build-down method. However, if the U.S. importer had used the build-up method,  $RVC = (VOM / AV) \times 100$  (see § 10.535(c) of this subpart), the adjusted value of the blister packaging would be included as part of the VOM, value of originating material.

#### § 10.540 Packing materials and containers for shipment.

(a) Packing materials and containers for shipment, as defined in § 10.530(j) of